

**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**INVESTMENT PERFORMANCE REPORT AS OF JULY 31, 2003**

	July-03				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Policy	Month	Fiscal YTD	FY03	Ended	Ended
				Net ROR	Net ROR	Net ROR	6/30/2003	6/30/2003
							Net	Net
<b>LARGE CAP DOMESTIC EQUITY</b>								
<i>Structured Growth</i>								
<i>AllianceBernstein</i>	25,164,965	2.2%	2.3%	3.53%	3.53%	-1.48%	-20.46%	-5.64%
<i>Russell 1000 Growth</i>				2.49%	2.49%	2.93%	-21.55%	-5.04%
<i>Structured Value</i>								
<i>LSV</i>	52,887,854	4.7%	4.5%	1.21%	1.21%	-2.05%	9.06%	3.95%
<i>Russell 1000 Value</i>				1.49%	1.49%	-1.02%	-2.19%	-0.17%
<i>Enhanced Russell 1000 Index</i>								
<i>LA Capital (Wilshire)</i>	51,716,882	4.5%	4.5%	1.61%	1.61%	1.08%	N/A	N/A
<i>Russell 1000</i>				1.99%	1.99%	0.96%	N/A	N/A
<i>Enhanced S&amp;P 500 Index</i>								
<i>Northern Trust</i>	48,910,953	4.3%	4.5%	1.73%	1.73%	0.28%	N/A	N/A
<i>Strong</i>	49,917,417	4.4%	4.5%	1.28%	1.28%	3.30%	N/A	N/A
<i>Westridge</i>	55,678,776	4.9%	4.5%	1.77%	1.77%	0.56%	N/A	N/A
<i>Total Enhanced S&amp;P 500 Index</i>	154,507,145	13.6%	13.5%	1.60%	1.60%	1.35%	N/A	N/A
<i>S&amp;P 500</i>				1.76%	1.76%	0.24%	N/A	N/A
<i>S&amp;P 500 Index</i>								
<i>State Street</i>	60,601,903	5.3%	5.3%	1.77%	1.77%	0.31%	-11.14%	-1.58%
<i>S&amp;P 500</i>				1.76%	1.76%	0.24%	-11.20%	-1.61%
<b>TOTAL LARGE CAP DOMESTIC EQUITY</b>	344,878,750	30.3%	30.0%	1.71%	1.71%	0.49%	-9.68%	-2.32%
<i>S&amp;P 500</i>				1.76%	1.76%	0.24%	-11.20%	-1.61%
<b>SMALL CAP DOMESTIC EQUITY</b>								
<i>Manager-of-Managers</i>								
<i>SEI</i>	127,811,075	11.2%	10.0%	6.11%	6.11%	0.68%	N/A	N/A
<i>Russell 2000 + 200bp</i>				6.43%	6.43%	0.37%	N/A	N/A
<b>TOTAL SMALL CAP DOMESTIC EQUITY</b>	127,811,075	11.2%	10.0%	6.11%	6.11%	0.68%	-3.37%	-0.65%
<i>Russell 2000</i>				6.26%	6.26%	-1.64%	-3.30%	0.97%
<b>INTERNATIONAL EQUITY</b>								
<i>Large Cap - Core</i>								
<i>State Street</i>	24,588,125	2.2%	2.0%	2.87%	2.87%	-9.96%	-13.28%	-4.72%
<i>MSCI EAFE - 50% Hedged</i>				3.28%	3.28%	-11.24%	-14.65%	-4.18%
<i>Large Cap - Active</i>								
<i>Capital Guardian</i>	59,869,732	5.3%	5.0%	4.37%	4.37%	-11.30%	-14.96%	0.47%
<i>Bank of Ireland</i>	11,544,195	1.0%	1.0%	0.97%	0.97%	-10.28%	N/A	N/A
<i>Total Large Cap - Active</i>	71,413,926	6.3%	6.0%	3.81%	3.81%	-11.12%	-14.58%	0.74%
<i>MSCI EAFE - 50% Hedged</i>				3.28%	3.28%	-11.24%	-14.65%	-4.18%
<i>Small Cap - Active</i>								
<i>Lazard</i>	12,797,124	1.1%	1.0%	2.04%	2.04%	-2.32%	N/A	N/A
<i>Wellington</i>	12,594,365	1.1%	1.0%	4.63%	4.63%	5.97%	N/A	N/A
<i>Total Small Cap - Active</i>	25,391,489	2.2%	2.0%	3.36%	3.36%	1.75%	N/A	N/A
<i>Citigroup Broad Market Index &lt; \$2BN</i>				3.20%	3.20%	3.91%	N/A	N/A
<b>TOTAL INTERNATIONAL EQUITY</b>	121,393,540	10.7%	10.0%	3.52%	3.52%	-8.22%	-12.63%	-0.99%
<i>MSCI EAFE - 50% Hedged</i>				3.28%	3.28%	-11.24%	-14.65%	-4.18%
<b>EMERGING MARKETS EQUITY</b>								
<i>Capital Guardian</i>	59,794,202	5.3%	5.0%	5.63%	5.63%	7.15%	-10.61%	1.62%
<i>MSCI Emerging Markets Free</i>				6.26%	6.26%	6.96%	-7.07%	2.49%
<b>DOMESTIC FIXED INCOME</b>								
<i>Core Bond</i>								
<i>Western Asset</i>	30,085,086	2.6%	3.1%	-4.59%	-4.59%	13.42%	11.88%	8.58%
<i>Lehman Aggregate</i>				-3.36%	-3.36%	10.39%	10.07%	7.54%
<i>Active Duration</i>								
<i>WestAM (Criterion)</i>	30,028,221	2.6%	-1.4%	-3.70%	-3.70%	9.93%	9.39%	6.85%
<i>Lehman Aggregate</i>				-3.36%	-3.36%	10.39%	10.07%	7.54%
<i>Index</i>								
<i>Bank of ND</i>	49,460,860	4.4%	4.8%	-4.32%	-4.32%	12.59%	11.06%	7.79%
<i>Bank of ND Match Loan CD Program</i>	13,806,849	1.2%	1.2%	0.48%	0.48%	5.83%	5.84%	5.85%
<b>Total Index</b>	63,267,709	5.6%	6.0%	-3.18%	-3.18%	10.77%	10.08%	7.44%
<i>Lehman Gov/Credit</i>				-4.19%	-4.19%	13.15%	10.82%	7.83%

**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**INVESTMENT PERFORMANCE REPORT AS OF JULY 31, 2003**

	July-03				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Policy	Month	Fiscal YTD	FY03	Ended	Ended
				Net ROR	Net ROR	Net ROR	6/30/2003	6/30/2003
							Net	Net
<b>Convertibles</b>								
<b>TCW</b>	<b>34,606,849</b>	<b>3.0%</b>	<b>3.1%</b>	<b>1.25%</b>	<b>1.25%</b>	<b>10.37%</b>	<b>-9.08%</b>	<b>N/A</b>
<i>First Boston Convertible Index</i>				0.45%	0.45%	15.35%	-3.81%	N/A
<b>BBB Average Quality</b>								
<b>Strong</b>	<b>31,033,683</b>	<b>2.7%</b>	<b>3.1%</b>	<b>-4.58%</b>	<b>-4.58%</b>	<b>14.81%</b>	<b>10.35%</b>	<b>N/A</b>
<i>Lehman BBB</i>				-4.49%	-4.49%	18.33%	9.91%	N/A
<b>Timberland</b>								
<b>Evergreen (Wachovia)</b>	<b>64,880,372</b>	<b>5.7%</b>	<b>5.7%</b>	<b>-0.05%</b>	<b>-0.05%</b>	<b>12.50%</b>	<b>N/A</b>	<b>N/A</b>
							N/A	N/A
<b>TOTAL DOMESTIC FIXED INCOME</b>	<b>253,901,919</b>	<b>22.3%</b>	<b>24.0%</b>	<b>-2.24%</b>	<b>-2.24%</b>	<b>11.62%</b>	<b>6.95%</b>	<b>6.77%</b>
<i>Lehman Aggregate</i>				-3.36%	-3.36%	10.39%	10.07%	7.54%
<b>HIGH YIELD BONDS</b>								
<b>Western Asset</b>	<b>59,271,982</b>	<b>5.2%</b>	<b>5.0%</b>	<b>-1.79%</b>	<b>-1.79%</b>	<b>20.04%</b>	<b>2.51%</b>	<b>4.15%</b>
<i>Lehman High Yield Bond Index</i>				-1.10%	-1.10%	22.77%	5.44%	2.66%
<b>INTERNATIONAL FIXED INCOME</b>								
<b>International Sovereign</b>								
<b>UBS Global (Brinson)</b>	<b>26,655,508</b>	<b>2.3%</b>	<b>2.5%</b>	<b>-2.51%</b>	<b>-2.51%</b>	<b>18.20%</b>	<b>8.47%</b>	<b>5.93%</b>
<i>Citigroup Non-US Gov't Bond Index (1)</i>				-2.59%	-2.59%	17.91%	8.10%	6.29%
<b>International Core</b>								
<b>Brandywine</b>	<b>26,467,052</b>	<b>2.3%</b>	<b>2.5%</b>	<b>-2.49%</b>	<b>-2.49%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<i>Lehman Global Aggregate (ex-US)</i>				-2.59%	-2.59%	N/A	N/A	N/A
<b>TOTAL INTERNATIONAL FIXED INCOME</b>	<b>53,122,560</b>	<b>4.7%</b>	<b>5.0%</b>	<b>-2.49%</b>	<b>-2.49%</b>	<b>17.83%</b>	<b>8.36%</b>	<b>5.86%</b>
<i>Citigroup Non-US Gov't Bond Index (1)</i>				-2.59%	-2.59%	17.91%	8.10%	6.29%
<b>REAL ESTATE</b>								
<b>JMB</b>	37,739			0.00%	0.00%	-18.62%	-5.76%	0.42%
<b>INVESCO</b>	26,831,202			-0.02%	-0.02%	8.15%	8.00%	7.69%
<b>J.P. Morgan</b>	30,979,167			0.46%	0.46%	7.80%	7.36%	10.23%
<b>TOTAL REAL ESTATE</b>	<b>57,848,109</b>	<b>5.1%</b>	<b>5.0%</b>	<b>0.21%</b>	<b>0.21%</b>	<b>7.97%</b>	<b>7.69%</b>	<b>9.00%</b>
<i>NCREIF TOTAL INDEX</i>				0.69%	0.69%	7.42%	8.44%	10.11%
<b>ALTERNATIVE INVESTMENTS</b>								
<b>Brinson IVCF II</b>	274,823			0.00%	0.00%	-7.44%	-23.62%	10.02%
<b>Coral Partners II</b>	462,502			0.00%	0.00%	10.56%	-36.34%	-15.79%
<b>Coral Partners V</b>	10,116,377			0.00%	0.00%	-22.52%	-20.83%	-9.87%
<b>Coral Partners V - Supplemental</b>	526,280			0.00%	0.00%	-28.36%	N/A	N/A
<b>Coral Partners VI</b>	1,646,667			0.00%	0.00%	N/A	N/A	N/A
<b>Brinson 1998 Partnership Fund</b>	1,774,062			0.00%	0.00%	-14.73%	-11.35%	1.31%
<b>Brinson 1999 Partnership Fund</b>	2,258,812			0.00%	0.00%	-16.31%	-14.42%	N/A
<b>Brinson 2000 Partnership Fund</b>	3,642,953			0.00%	0.00%	-13.99%	-9.08%	N/A
<b>Brinson 2001 Partnership Fund</b>	1,256,870			0.00%	0.00%	-5.98%	N/A	N/A
<b>Brinson 2002 Partnership Fund</b>	761,203			0.00%	0.00%	9.08%	N/A	N/A
<b>Brinson 2003 Partnership Fund</b>	85,757			0.00%	0.00%	N/A	N/A	N/A
<b>Brinson 1999 Non-US Partnership Fund</b>	1,235,156			0.00%	0.00%	13.12%	2.21%	N/A
<b>Brinson 2000 Non-US Partnership Fund</b>	1,190,155			0.00%	0.00%	9.50%	-1.63%	N/A
<b>Brinson 2001 Non-US Partnership Fund</b>	780,746			0.00%	0.00%	-0.41%	N/A	N/A
<b>Brinson 2002 Non-US Partnership Fund</b>	1,119,709			0.00%	0.00%	5.34%	N/A	N/A
<b>Brinson 2003 Non-US Partnership Fund</b>	75,571			0.00%	0.00%	N/A	N/A	N/A
<b>Brinson BVCF IV</b>	6,096,015			0.00%	0.00%	-14.64%	-18.80%	N/A
<b>Matlin Patterson Global Opportunities</b>	12,392,954			0.00%	0.00%	N/A	N/A	N/A
<b>InvestAmerica</b>	812,819			0.00%	0.00%	-12.50%	N/A	N/A
<b>Hearststone</b>	3,119,423			0.00%	0.00%	28.98%	13.57%	N/A
<b>TOTAL ALTERNATIVE INVESTMENTS (2)</b>	<b>49,628,855</b>	<b>4.4%</b>	<b>5.0%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>-9.65%</b>	<b>-13.02%</b>	<b>0.04%</b>
<i>Post Venture Capital Index</i>				7.10%	7.10%	19.78%	-29.84%	-8.37%
<b>CASH EQUIVALENTS</b>								
<b>Northern Trust STIF/STEP</b>	<b>9,161,279</b>	<b>0.8%</b>	<b>1.0%</b>	<b>0.11%</b>	<b>0.11%</b>	<b>1.84%</b>	<b>3.33%</b>	<b>4.22%</b>
<i>90 Day T-Bill</i>				0.07%	0.07%	1.52%	3.33%	4.07%
<b>TOTAL FUND</b>	<b>1,136,812,271</b>	<b>100.00%</b>	<b>100.00%</b>	<b>1.10%</b>	<b>1.10%</b>	<b>5.46%</b>	<b>-1.91%</b>	<b>2.68%</b>
<b>POLICY TARGET BENCHMARK</b>				<b>1.19%</b>	<b>1.19%</b>	<b>6.20%</b>	<b>-2.13%</b>	<b>2.83%</b>

**NOTE: Monthly returns and market values are preliminary and subject to change.**

(1) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.